

IN THE MATTER OF:

JOHNSON OLAWOYIN,

Respondent.

BEFORE THE MARYLAND

COMMISSIONER OF

FINANCIAL REGULATION

Case No.: CFR-FY2010-026

**SUMMARY ORDER TO CEASE
AND DESIST AND ORDER TO PRODUCE**

WHEREAS, the Maryland Commissioner of Financial Regulation (the “Commissioner”) undertook an investigation into the mortgage lending and originating business activities and credit services business activities of Johnson Olawoyin (the “Respondent”); and

WHEREAS, as a result of that investigation, the Commissioner finds grounds to allege that Respondent violated Title 11, Subtitle 5 of the Financial Institutions Article (“FI”), Annotated Code of Maryland (the Maryland Mortgage Lender Law, or “MMLL”), Title 11, Subtitle 6 of the Financial Institutions Article, Annotated Code of Maryland (the Maryland Mortgage Originators Law, or “MMOL”), Title 7, Subtitle 4 of the Real Property Article (“RP”), Annotated Code of Maryland (the Maryland Mortgage Fraud Protection Act, hereinafter “MMFPA”), Title 14, Subtitle 19 of the Commercial Law Article (“CL”), Annotated Code of Maryland (the Maryland Credit Services Businesses Act, or “MCSBA”), and Title 11, Subtitles 2 and 3 of the Financial Institutions Article, Annotated Code of Maryland, and the Commissioner finds that action under FI §§ 2-114 and 2-115 is appropriate.

NOW, THEREFORE, the Commissioner has determined, for the reasons set forth below, that the Respondent is in violation of Maryland law, and that it is in the public interest that the Respondent immediately cease and desist from originating, brokering, lending, mitigating, or engaging in any other activities involving Maryland mortgage loans or otherwise pertaining to the mortgage industry in Maryland, as well as engaging in credit services business activities with Maryland residents, homeowners and/or consumers (hereinafter "Maryland consumers"), including directly or indirectly offering, contracting to provide, or otherwise engaging in, loan modification, loss mitigation, or similar services related to residential real property (hereinafter "loan modification services") and credit repair services or similar services.

1. FI §§ 2-115(a) and (b) set forth the Commissioner's general authority to issue summary cease and desist orders, and to take additional actions for violations of laws, regulations, rules, and orders over which the Commissioner has jurisdiction (in addition to taking any other action permitted by law, and subject to a hearing or waiver of hearing), providing as follows:

(a) *Summary cease and desist orders.*— When the Commissioner determines that a person has engaged in an act or practice constituting a violation of a law, regulation, rule or order over which the Commissioner has jurisdiction, and that immediate action against the person is in the public interest, the Commissioner may in the Commissioner's discretion issue, without a prior hearing, a summary order directing the person to cease and desist from engaging in the activity, provided that the summary cease and desist order gives the person:

- (1) Notice of the opportunity for a hearing before the Commissioner to determine whether the summary cease and desist order should be vacated, modified, or entered as final; and
- (2) Notice that the summary cease and desist order will be entered as final if the person does not request a hearing within 15 days of receipt of the summary cease and desist order.

(b) *Other authorized actions for violations.*— When the Commissioner determines after notice and a hearing, unless the right to notice and a hearing is waived, that a person has engaged in an act or practice constituting a violation of a law, regulation, rule or order over which the Commissioner has jurisdiction, the Commissioner may in the Commissioner's discretion and in addition to taking any other action authorized by law:

- (1) Issue a final cease and desist order against the person;
- (2) Suspend or revoke the license of the person;
- (3) Issue a penalty order against the person imposing a civil penalty up to the maximum amount of \$1,000 for a first violation and a maximum amount of \$5,000 for each subsequent violation; or
- (4) Take any combination of the actions specified in this subsection.

2. FI §§ 2-114(a) and (b) set forth the Commissioner's general authority to order the production of information, as well as documents and records, while investigating potential violations of laws, regulations, rules, and orders over which the Commissioner has jurisdiction (which is in addition to the Commissioner's specific investigatory authority set forth in various other Maryland statutes and regulations). Thus, FI § 2-114(a)(2) provides that the Commissioner may "[r]equire ... a person to file a statement in writing, under oath or otherwise as the Commissioner determines, as to all the facts and circumstances concerning the matter to be investigated." Further, pursuant to FI § 2-114(b), "the Commissioner or an officer designated by the Commissioner may," among other things, "take evidence, and require the production of books, papers, correspondence, memoranda, and agreements, or other documents."

3. FI § 11-501, provides the following definitions:

- (i) *Mortgage broker.* — "Mortgage broker" means a person who:
 - (1) For a fee or other valuable consideration, whether received directly or indirectly, aids or assists a borrower in obtaining a mortgage loan; and
 - (2) Is not named as a lender in the agreement, note, deed of trust, or other evidence of the indebtedness.
- (j) *Mortgage lender.* —

- (1) "Mortgage lender" means any person who:
 - (i) Is a mortgage broker;
 - (ii) Makes a mortgage loan to any person; or
 - (iii) Is a mortgage servicer.

* * *

(k) *Mortgage lending business.* –

- (1) "Mortgage lending business" means the activities set forth in the definition of "mortgage lender" in subsection (j) of this section which require that person to be licensed under this subtitle.
- (2) "Mortgage lending business" includes the making or procuring of mortgage loans secured by a dwelling or residential real estate located outside Maryland.

4. Pursuant to FI § 11-517(a), the Commissioner, in part, may suspend or revoke a mortgage lender license if the licensee or any owner, director, officer, member, partner, stockholder, employee, or agent of the licensee 1) is convicted of a felony or a misdemeanor that is directly related to the fitness and qualification of the person to engage in the mortgage lending business, 2) in connection with any mortgage loan or loan application transaction commits any fraud, engages in any illegal or dishonest activities, or misrepresents or fails to disclose any material facts to anyone entitled to that information, 3) violates any provision of the MMLL or any rule or regulation adopted under it or any other law regulating mortgage loan lending in the State of Maryland, or 4) otherwise demonstrates unworthiness, bad faith, dishonesty, or any other quality that indicates that the business of the licensee has not been or will not be conducted honestly, fairly, equitably, and efficiently.

5. Additionally, pursuant to FI § 11-517(c), the Commissioner may enforce the provisions of the MMLL, and applicable regulations, by issuing an order (i) requiring a violator to cease and desist from any violations of the MMLL and any further similar violations; and (ii) requiring a violator to take affirmative action to correct the violation, including the restitution of money or property to any person aggrieved by the violation.

Additionally, the Commissioner may impose a civil penalty not exceeding \$5,000 for each violation, as well as \$5,000 for each subsequent violation.

6. FI § 11-523 provides additional penalties for violations of the MMLL, as follows:

(a) *Willful violations.* – Any person who willfully violates any provision of this subtitle or any rule or regulation adopted under it is guilty of a felony and on conviction is subject to a fine not exceeding \$50,000 or imprisonment not exceeding 10 years or both.

(b) *Unlicensed persons.* – Any unlicensed person who is not exempt from licensing under this subtitle who makes or assists a borrower in obtaining a mortgage loan in violation of this subtitle may collect only the principal amount of the loan and may not collect any interest, costs, finder's fees, broker fees, or other charges with respect to the loan.

(c) *Misappropriation or conversion; penalty.* – Any mortgage lender or employee or agent of a mortgage lender who willfully misappropriates or intentionally and fraudulently converts to the mortgage lender's or to the mortgage lender's employee's or agent's own use moneys in excess of \$300 rightfully belonging to a borrower, or who otherwise commits any fraudulent act in the course of engaging in the mortgage lending business is guilty of a felony and on conviction is subject to a fine not to exceed \$100,000 or imprisonment not exceeding 15 years or both.

7. Pursuant to FI § 11-601(q), "mortgage loan originator" is defined as follows:

(1) "Mortgage loan originator" means an individual who for compensation or gain, or in the expectation of compensation or gain:

- (i) Takes a loan application; or
- (ii) Offers or negotiates terms of a mortgage loan.

(2) "Mortgage loan originator" does not include an individual who:

- (i) Acts solely as a mortgage loan processor or underwriter;
- (ii) Performs only real estate brokerage activities and is licensed in accordance with Title 17 of the Business Occupations and Professions Article, unless the individual is compensated by a mortgage lender, a mortgage broker, or other mortgage loan originator or by any agent of a mortgage lender, mortgage broker, or other mortgage loan originator; or
- (iii) Is involved solely in extensions of credit relating to timeshare plans, as that term is defined in 11 U.S.C. § 101(53d).

8. Pursuant to FI § 11-602(b), “[u]nless exempted from this subtitle under subsection (d) of this section, an individual may not engage in the business of a mortgage loan originator unless the individual holds a valid license issued under this subtitle.” In addition, pursuant to FI § 11-603(b), for a “licensee to act as a mortgage loan originator,” he/she must be, “acting within the scope of employment with . . . (1) [a] mortgage lender . . . or (2) [a] person who is exempt from licensing as a mortgage lender.

9. Pursuant to FI § 11-615(a), the Commissioner, in part, may suspend or revoke a loan originator license if the licensee 1) is convicted of a felony or a misdemeanor that is directly related to the fitness and qualification of the individual to act as a mortgage loan originator, 2) in connection with any mortgage loan or loan application transaction commits any fraud, engages in any illegal or dishonest activities, or misrepresents or fails to disclose any material facts to anyone entitled to that information, 3) violates any provision of MMOL, or any rule or regulation adopted under it or any other law regulating mortgage loan lending or mortgage origination in the State of Maryland, or 4) otherwise demonstrates unworthiness, bad faith, dishonesty, or any other quality that indicates that the business of the licensee has not been or will not be conducted honestly.

10. In addition, pursuant to FI § 11-615(c), the Commissioner may enforce the provisions of the MMOL, and applicable regulations, by issuing an order (i) requiring a violator to cease and desist from any violations of the MMOL and any further similar violations; and (ii) requiring a violator to take affirmative action to correct the violation, including the restitution of money or property to any person aggrieved by the violation. Additionally, the Commissioner may impose a civil penalty not exceeding \$5,000 for each violation, as well as \$5,000 for each subsequent violation.

11. Pursuant to FI § 11-617, “[a]ny person who willfully violates the provisions of this subtitle is guilty of a felony and, on conviction, is subject to a fine not exceeding \$25,000 or imprisonment not exceeding 5 years or both.”

12. Pursuant to RP § 7-401(d), “mortgage fraud” is defined as follows:

(d) *Mortgage Fraud.*— “Mortgage fraud” means any action by a person made with the intent to defraud that involves:

- (1) Knowingly making any deliberate misstatement, misrepresentation, or omission during the mortgage lending process with the intent that the misstatement, misrepresentation, or omission be relied on by a mortgage lender, borrower, or any other party to the mortgage lending process;
- (2) Knowingly creating or producing a document for use during the mortgage lending process that contains a deliberate misstatement, misrepresentation, or omission with the intent that the document containing the misstatement, misrepresentation, or omission be relied on by a mortgage lender, borrower, or any other party to the mortgage lending process;
- (3) Knowingly using or facilitating the use of any deliberate misstatement, misrepresentation, or omission during the mortgage lending process with the intent that the misstatement, misrepresentation, or omission be relied on by a mortgage lender, borrower, or any other party to the mortgage lending process;
- (4) Receiving any proceeds or any other funds in connection with a mortgage closing that the person knows resulted from a violation of item (1), (2), or (3) of this section;
- (5) Conspiring to violate any of the provisions of item (1), (2), (3), or (4) of this section; or
- (6) Filing or causing to be filed in the land records in the county where a residential real property is located, any document relating to a mortgage loan that the person knows to contain a deliberate misstatement, misrepresentation, or omission.

13. Pursuant to RP § 7-401(e), “mortgage lending process” is defined as follows:

(e) *Mortgage lending process.*—

- (1) “Mortgage lending process” means the process by which a person seeks or obtains a mortgage loan.
- (2) “Mortgage lending process” includes:
 - (i) The solicitation, application, origination, negotiation, servicing, underwriting, signing, closing, and funding of a mortgage loan; and

(ii) The notarizing of any document in connection with a mortgage loan.

14. Pursuant to RP § 7-402, “[a] person may not commit mortgage fraud.” RP § 7-407 provides for the following penalties for violation of the MMFPA:

(a) *In general.*— Except as provided in subsections (b) and (c) of this section, a person who violates this subtitle is guilty of a felony and on conviction is subject to a fine not exceeding \$5,000 or imprisonment not exceeding 10 years or both.

(b) *Enhanced penalties – Vulnerable adult victim.*— If a violation involves a victim who is a vulnerable adult as defined under § 3-604(a) of the Criminal Law Article, a person who violates this subtitle is guilty of a felony and on conviction is subject to a fine not exceeding \$15,000 or imprisonment not exceeding 15 years or both.

(c) *Enhanced penalties – Pattern of mortgage fraud or conspiracy.*— If a violation involves engaging or participating in a pattern of mortgage fraud or a conspiracy or endeavor to engage or participate in a pattern of mortgage fraud, a person who violates this subtitle is guilty of a felony and on conviction is subject to a fine not exceeding \$100,000 or imprisonment not exceeding 20 years or both.

(d) *Restitution.*—

(1) A person convicted of violating this subtitle shall pay restitution to any person damaged by the violation.

(2) Restitution shall be ordered in addition to a fine or imprisonment or both.

(e) *Separate offenses.*— Each residential real property transaction subject to a violation of this subtitle constitutes a separate offense, and shall not merge with any other crimes set forth in the Criminal Law Article.

(f) *Applicability of § 5-106(b) of the Courts Article.*— A person who violates this subtitle is subject to § 5-106(b) of the Courts Article.

15. The MCSBA provides, pursuant to CL § 14-1902, that “[a] credit services business, its employees, and independent contractors who sell or attempt to sell the services of a credit services business shall not: (1) [r]eceive any money or other valuable consideration from the consumer, unless the credit services business has secured from the Commissioner a license under Title 11, Subtitle 3 of the Financial Institutions Article. . . .”

16. Pursuant to CL § 14-1903(b), “[a] credit services business is required to be licensed under this subtitle and is subject to the licensing, investigatory, enforcement, and penalty provisions of this subtitle and Title 11, Subtitle 3 of the Financial Institutions Article.”

17. Pursuant to FI § 11-302, “[u]nless the person is licensed by the Commissioner, a person may not: . . . (3) [e]ngage in the business of a credit services business as defined under Title 14, Subtitle 19 of the Commercial Law Article.”

18. Pursuant to FI § 11-303, “[a] license under this subtitle shall be applied for and issued in accordance with, and is subject to, the licensing and investigatory provisions of Subtitle 2 of this title, the Maryland Consumer Loan Law – Licensing Provisions.”

19. The MCSBA defines “*credit services business*” at CL § 14-1901(e); this provision provides, in part, as follows:

(1) “Credit services business” means any person who, with respect to the extension of credit by others, sells, provides, or performs, or represents that such person can or will sell, provide, or perform, any of the following services in return for the payment of money or other valuable consideration:

- (i) Improving a consumer’s credit record, history, or rating or establishing a new credit file or record;
- (ii) Obtaining an extension of credit for a consumer; or
- (iii) Providing advice or assistance to a consumer with regard to either subparagraph (i) or (ii) of this paragraph.

20. CL § 14-1901(f) defines “*extension of credit*” as “the right to defer payment of debt or to incur debt and defer its payment, offered or granted primarily for personal, family, or household purposes.”

21. CL § 14-1902 further provides, in pertinent part, as follows:

A credit services business, its employees, and independent contractors who sell or attempt to sell the services of a credit services business shall not:

(4) Make or use any false or misleading representations in the offer or sale of the services of a credit services business;

(5) Engage, directly or indirectly, in any act, practice, or course of business which operates as a fraud or deception on any person in connection with the offer or sale of the services of a credit services business;

(6) Charge or receive any money or other valuable consideration prior to full and complete performance of the services that the credit services business has agreed to perform for or on behalf of the consumer;

* * *

22. CL § 14-1903(a) addresses the scope of credit services contracts covered under MCSBA, providing as follows:

(a) *In general.* – Notwithstanding any election of law or designation of situs in any contract, this subtitle applies to any contract for credit services if:

(1) The credit services business offers or agrees to sell, provide, or perform any services to a resident of this State;

(2) A resident of this State accepts or makes the offer in this State to purchase the services of the credit services business; or

(3) The credit services business makes any verbal or written solicitation or communication that originates either inside or outside of this State but is received in the State by a resident of this State.

23. Pursuant to CL § 14-1903.1,

A person who advertises a service described in § 14-1901(e)(1) of this subtitle, whether or not a credit services business, shall clearly and conspicuously state in each advertisement the number of:

(1) The license issued under § 14-1903 of this subtitle; or

(2) If not required to be licensed, the exemption provided by the Commissioner.

24. CL § 14-1904(a) provides that, “[b]efore either the execution of a contract or agreement between a consumer and a credit services business or the receipt by the credit

services business of any money or other valuable consideration, the credit services business shall provide the consumer with a written information statement containing all of the information required under § 14-1905 of [the MCSBA].” CL § 14-1905(b) further requires a credit services business “to maintain on file for a period of 2 years from the date of the consumer’s acknowledgment a copy of the information statement signed by the consumer acknowledging receipt of the information statement.”

25. CL § 14-1905 indicates the specific terms which must be provided in the information statement, stating, in part, as follows:

(a) *In general.* – The information statement required under § 14-1904 of this subtitle shall include:

* * *

(5) A complete and detailed description of the services to be performed by the credit services business for or on behalf of the consumer, and the total amount the consumer will have to pay for the services.

* * *

(b) *Additional requirements of licenses.* – A credit services business required to obtain a license pursuant to § 14-1902 of this subtitle shall include in the information statement required under § 14-1904 of this subtitle:

(1) A statement of the consumer’s right to file a complaint pursuant to § 14-1911 of this subtitle;

(2) The address of the Commissioner where such complaints should be filed; and

(3) A statement that a bond exists and the consumer’s right to proceed against the bond under the circumstances and in the manner set forth in § 14-1910 of this subtitle.

26. CL § 14-1906 discusses requirements for contracts between credit services businesses and consumers, providing as follows:

(a) *Requirements.* – Every contract between a consumer and a credit services business for the purchase of the services of the credit services business shall be in writing, dated, signed by the consumer, and shall include:

(1) A conspicuous statement in size equal to at least 10-point bold type, in immediate proximity to the space reserved for the signature of the consumer as follows:

"You, the buyer, may cancel this contract at any time prior to midnight of the third business day after the date of the transaction. See the attached notice of cancellation form for an explanation of this right.";

(2) The terms and conditions of payment, including the total of all payments to be made by the consumer, whether to the credit services business or to some other person;

(3) A complete and detailed description of the services to be performed and the results to be achieved by the credit services business for or on behalf of the consumer, including all guarantees and all promises of full or partial refunds and a list of the adverse information appearing on the consumer's credit report that the credit services business expects to have modified and the estimated date by which each modification will occur; and

(4) The principal business address of the credit services business and the name and address of its agent in this State authorized to receive service of process.

(b) *Notice of cancellation form.*— The contract shall be accompanied by a form completed in duplicate, captioned "**NOTICE OF CANCELLATION**", which shall be attached to the contract and easily detachable, and which shall contain in at least 10-point bold type the following statement:

"NOTICE OF CANCELLATION"

You may cancel this contract, without any penalty or obligation, at any time prior to midnight of the third business day after the date the contract is signed.

If you cancel, any payment made by you under this contract will be returned within 10 days following receipt by the seller of your cancellation notice.

* * *

(c) *Copies of completed contract and other documents to be given to consumer.*— A copy of the completed contract and all other documents the credit services business requires the consumer to sign shall be given by the credit services business to the consumer at the time they are signed.

27. CL § 14-1907 provides, in part, as follows:

(a) *Breach of contract.*— Any breach by a credit services business of a contract under this subtitle, or of any obligation arising under it, shall constitute a violation of this subtitle.

(b) *Void contracts.*— Any contract for services from a credit services business that does not comply with the applicable provisions of this subtitle shall be void and unenforceable as contrary to the public policy of this State.

(c) *Waivers.*—

* * *

(2) Any attempt by a credit services business to have a consumer waive rights given by this subtitle shall constitute a violation of this subtitle.

28. CL § 14-1908 provides that, “[a] credit services business is required to obtain a surety bond pursuant to Title 11, Subtitle 3 of the Financial Institutions Article.” Further, CL § 14-1909 provides that, “[t]he surety bond shall be issued by a surety company authorized to do business in this State.”

29. CL § 14-1912 discusses liability for failure to comply with the MCSBA, providing as follows:

(a) *Willful noncompliance.*— Any credit services business which willfully fails to comply with any requirement imposed under this subtitle with respect to any consumer is liable to that consumer in an amount equal to the sum of:

- (1) Any actual damages sustained by the consumer as a result of the failure;
- (2) A monetary award equal to 3 times the total amount collected from the consumer, as ordered by the Commissioner;
- (3) Such amount of punitive damages as the court may allow; and
- (4) In the case of any successful action to enforce any liability under this section, the costs of the action together with reasonable attorney's fees as determined by the court.

(b) *Negligent noncompliance.*— Any credit services business which is negligent in failing to comply with any requirement imposed under this subtitle with respect to any consumer is liable to that consumer in an amount equal to the sum of:

- (1) Any actual damages sustained by the consumer as a result of the failure; and
- (2) In the case of any successful action to enforce any liability under this section, the cost of the action together with reasonable attorney's fees as determined by the court.

30. Loan modification services generally include obtaining an extension of credit for consumers, namely obtaining forbearance or other deferrals of payment on consumers' mortgage loans. This includes any offered services intended as part of the loan modification process, or which are represented to consumers to be necessary for obtaining a loan modification. Under certain circumstances, loan modification services may involve improving a consumer's credit record, history, or rating or establishing a new credit file or record. Additionally, individuals offering credit repair services so as to strengthen an applicant's qualifications for a residential mortgage loan, involve services that improve a consumer's credit record, history, or rating or establish a new credit file or record. Therefore, unless otherwise exempt, pursuant to CL §§ 14-1901(e) and 14-1901(f) persons providing loan modification services and/or credit repair services fall under the statutory definition of "credit services businesses," and are thereby subject to the licensing, investigatory, enforcement, and penalty provisions of the MCSBA.

31. In the present matter, in approximately July 2009, the Commissioner began an investigation into the business activities of the Respondent. Pursuant to this investigation, the Commissioner developed reasonable grounds to believe that the Respondent provided unlicensed mortgage brokering, loan origination, credit repair, and loan modification services related to Maryland residential real property and/or involving Maryland consumers, and engaged in a mortgage fraud scheme and/or fraud scheme resulting in theft and/or fraud, in violation of various provisions of Maryland Law, including, but not limited to, the MMLL, MMOL, MMFPA, MCSBA, and FI, Title 11, Subtitles 2 and 3. The legal and factual basis for this determination is described below.

32. The Commissioner's investigation determined that Johnson Olawoyin, of Bowie, Maryland, engages in mortgage-related and credit services business activities in the State of Maryland involving Maryland consumers and Maryland residential real property. More specifically, the Commissioner's investigation revealed that the Respondent engaged in unlicensed mortgage brokering, mortgage origination, credit repair, and loan modification activities in perpetration of a mortgage fraud scheme and/or fraud scheme that involved the following:

a. That in October of 2008, [REDACTED] and [REDACTED] (collectively "Consumer A") were introduced to Respondent through a mutual connection. Respondent presented a business card to Consumer A, listing Respondent as a mortgage broker for WVC Mortgage (West Valley Community Mortgage), a mortgage company located in Salt Lake City, Utah. Respondent represented to Consumer A that he would work with Consumer A to improve Consumer A's credit so Consumer A could qualify for a mortgage loan. Respondent required \$1,000 to "get started" improving Consumer A's credit score. Consumer A paid \$1,000 to Respondent at a RE/MAX, LLC, office in Ft. Washington, Maryland, in October of 2008. The Commissioner's investigation determined that at the time this transaction occurred Respondent was not employed or otherwise authorized to act on behalf of WVC Mortgage;

b. That on January 8, 2009, a letter was written to Consumer A showing that they had been approved for a loan for a new home not to exceed the purchase price of \$380,000. The letter was written and signed by Respondent, holding Respondent out as a

Loan Consultant for WVC Mortgage. This letter was prepared on what purported to be WVC Mortgage letterhead;

c. That in conjunction with this purported loan approval, Respondent put Consumer A in touch with a realtor, [REDACTED] who was to help Consumer A find a property for purchase. Consumer A chose to purchase a property located at [REDACTED]. Respondent required a \$5,000 deposit for this transaction, which was paid in cash by Consumer A on February 27, 2009. Respondent provided Consumer A with a receipt. Eventually, Consumer A lost their chance to get the property and the \$5,000 deposit was not returned. The Commissioner's investigation revealed that [REDACTED] was advised that Consumer A was pre-qualified for a loan of \$380,000. [REDACTED] stated that when she found out that Consumer A was having trouble with Respondent, she decided that she would cease business relations with Respondent. In addition, [REDACTED] concluded that Respondent was producing fraudulent documents misstating clients' incomes so as to make them more desirable candidates to receive a mortgage loan. Including Consumer A, Respondent referred 16 clients to [REDACTED] of which none of the clients were successful in closing on a loan;

d. That on April 9, 2009, Consumer A received, via electronic mail, documents from Equitable Trust Mortgage Corporation ("Equitable Trust"). These documents listed Equitable Trust as being located at 903 Russell Avenue, Suite 100, Gaithersburg, Maryland 20879. The documents provided to Consumer A included a Finance Agreement, a Good Faith Estimate, a Uniform Residential Loan Application, a Request for Transcript of Tax Return and other documents. All of these documents were

sent to Consumer A for signatures. The Finance Agreement was in Consumer A's name and it showed the property to be purchased as located at [REDACTED]. [REDACTED] This agreement showed the sales price of \$339,000 and a base loan amount of \$327,135 and loan terms of 5.5% interest rate at 360 months. Consumer A's information was complete on the application and the application listed a [REDACTED] of Equitable Trust Mortgage as the interviewer. The document indicated that the application was taken during a face-to-face interview. However, Consumer A never spoke to anyone at Equitable Trust, including [REDACTED]. The Commissioner's investigation revealed that [REDACTED] did not speak to Consumer A and that in fact Respondent had provided a completed Uniform Residential Loan Application to him. Further, [REDACTED] never submitted Consumer A's loan application to a lender because Consumer A's credit score did not meet the minimum score necessary to qualify for a loan;

e. That Respondent made false representations during the course of the Commissioner's investigation. Respondent stated that Consumer A had opted out of the loan and that he had refunded Consumer A their money. That on August 19, 2009, Respondent provided the Commissioner with a one-page document from Respondent dated April 13, 2009. That document was titled "Refund Receipt" and stated, "This is to certify that I [Consumer A] received the \$4,000.00 a refund from Johnson Olawoyin". This receipt was signed by Respondent and dated April 13, 2009. In addition the receipt had a forged second signature purporting to be that of Consumer A. The Commissioner's investigation determined that Respondent admitted to unlawfully receiving \$6,000 from Consumer A and that in fact Respondent never provided any refund to Consumer A;

f. That In June 2009 Respondent represented himself to [REDACTED] and [REDACTED] (collectively "Consumer B") as a "mortgage broker" for WVC Mortgage, with a local office located at 9500 Arena Drive, Suite 200, Upper Marlboro, Maryland. The Respondent informed Consumer B that he owned a mortgage company and that he could help Consumer B buy purchase a home. The Commissioner's investigation determined that at the time this transaction occurred Respondent was not employed or otherwise authorized to act on behalf of WVC Mortgage;

g. That on June 29, 2009, while at the residence of Respondent, Consumer B gave Respondent a Bank of America personal check [REDACTED] made payable to Respondent in the amount of \$6,000 as a deposit toward the purchase of a house. The Respondent promised to find Consumer B an appropriate house and informed Consumer B that a realtor would contact them. A [REDACTED] a licensed real estate agent, contacted Consumer B the following week. [REDACTED] showed Consumer B four properties, including a property located at [REDACTED] Consumer B decided they wish to purchase the [REDACTED] property, which had a listed sale price of \$399,000. [REDACTED] informed Consumer B that any formal offer would have to be made through the Respondent;

h. That on July 9, 2009, Consumer B met with Respondent to discuss making a formal offer to purchase the property located at [REDACTED] Respondent represented he would submit a contract on behalf of Consumer B, but that he would need another \$5,000 as a good faith showing to the seller. Pursuant to this request, Consumer B delivered to Respondent, at the 9500 Arena Drive address, a Bank of America personal

check [REDACTED] made payable to Respondent in the amount of \$5,000. Consumer B believed that this payment was to be used as an additional deposit toward the purchase of the house on [REDACTED]

i. That Respondent informed Consumer B that settlement on the [REDACTED] property would take place on July 30, 2009. This representation was made prior to the submission of a any formal offer. Respondent became unresponsive to Consumer B about the status of the offer and purchase. On July 29, 2009, the Respondent informed Consumer B that settlement would not occur because Consumer B's offer had been rejected. Respondent directed Consumer B to contact [REDACTED] so as to choose a different home for purchase;

j. That Consumer B decided to search for a home on their own, which resulted in them choosing a property located at [REDACTED] with a listed sales price of \$449,000. Consumer B turned to Respondent to help them make an offer on the [REDACTED] property. Respondent said he would submit an offer on the property but that he would need an additional \$15,000 in cash to entice the seller into accepting Consumer B's offer. On August 21, 2009, Consumer B went to the [REDACTED] address and gave Respondent an additional \$14,000 in cash as a down payment toward the purchase of the house located at [REDACTED]. The Respondent provided Consumer B with a receipt for the amount of \$14,000, indicating on it that Consumer B still owed \$1,000 to Respondent;

k. That the Commissioner's investigation revealed that in fact Respondent never submitted an offer on the [REDACTED] property. The Respondent

refused to return to Consumer B the money collected. The Commissioner's investigation determined that Respondent admitted to unlawfully receiving \$26,000 from Consumer B;

l. That in July 2009 [REDACTED] ("Consumer C") became concerned that her house might be going into foreclosure. A friend referred Consumer C to Respondent as someone who might be able to help her. On July 18, 2009, Consumer C, accompanied by her friend, went to meet with Respondent at his residence. Respondent introduced himself as a mortgage broker/lender. He told Consumer C that he owned a company called East Coast Mortgage Corporation. The Commissioner's investigation determined that Respondent is not the owner/operator, nor is he an employee or agent, of East Coast Mortgage Corporation, a company based in Verona, New Jersey;

m. That Consumer C explained that she needed to know if the house she currently resided in was in foreclosure. Rather than assisting Consumer C with her possible foreclosure issues, Respondent inquired into the cash assets of Consumer C. When Consumer C informed Respondent that she was \$12,000 liquid, Respondent quickly diverted Consumer C's attention from her foreclosure issue to instead purchasing a new home. Respondent informed Consumer C that with \$12,000 she could purchase a \$415,000 house. Respondent checked Consumer C's credit report on his home computer and convinced Consumer C that he indeed could get her a loan for a new house;

n. That Respondent gave Consumer C a "Mortgage Loan Pre-Approved" letter for a property located at [REDACTED]. Respondent instructed Consumer C to visit the property on [REDACTED] and, if Consumer C liked it, Respondent would guarantee financing to purchase the home.

Consumer C did visit the [REDACTED] property and reported back to Respondent that she would like to purchase it. After first guaranteeing a closing date, the Respondent later informed Consumer C that the seller selected another contract;

o. That following the failed attempt to purchase the [REDACTED] property, with the assistance of Respondent, Consumer C chose a new property to purchase, which was located at [REDACTED]. On July 20, 2009, while at the residence of Respondent, Consumer C gave Respondent a Cashier's Check [REDACTED], made payable to Respondent in the amount of \$10,000 as a down payment toward the purchase of the [REDACTED] property. Respondent informed Consumer C that this transaction would go to settlement;

p. That the Commissioner's investigation revealed that Respondent never obtained a mortgage loan for Consumer C and that a settlement on the property located at [REDACTED] never occurred. Consumer C contacted Respondent on numerous occasions demanding her money back but to no avail. The Commissioner's investigation determined that Respondent admitted to unlawfully receiving \$10,000 from Consumer C;

q. That with regard to Respondent's conduct towards Consumers A, B, and C, Respondent plead guilty in Prince George's County, Maryland, in May 2010, to charges of operating as a mortgage lender without a license, operating as credit service business without a license, and theft under \$500 (as amended). As part of that plea agreement, Respondent agreed to pay full restitution to Consumers A, B, and C, in addition Respondent admitted to the facts involved in those cases, as described herein;

r. That the Commissioner's investigation revealed that, on February 28, 2010, [REDACTED] ("Consumer D"), entered into a loan modification agreement with Respondent. Consumer D paid approximately \$2,000 in up-front fees to the Respondent in exchange for which the Respondent promised to obtain a loan modification for Consumer D's Maryland residential real property. Although Respondent collected \$2,000 in up-front fees, Respondent never obtained a loan modification or a forbearance agreement for Consumer D. It was further determined that Respondent never contacted the holder of Consumer D's mortgage to negotiate a loan modification;

s. That the Commissioner's investigation revealed that, in late 2008, [REDACTED] ("Consumer E"), entered into a credit repair agreement with Respondent. Consumer E paid approximately \$1,900 in up-front fees to the Respondent in exchange for which the Respondent promised to help correct Consumer E's negative credit file. Although Respondent collected \$1,900 in up-front fees, Respondent never provided the services contracted for. In addition, Consumer E requested a refund of the up-front fees, however, the Respondent has failed to provide a refund to Consumer E;

t. That the Commissioner's investigation determined that Respondent provided mortgage brokering and mortgage origination services to [REDACTED] ("Consumer F");

u. That the Commissioner's investigation determined that Respondent provided mortgage brokering and mortgage origination services to [REDACTED] ("Consumer G") and [REDACTED] ("Consumer H"). It appears that Respondent

facilitated a sale of real property owned by Consumer G, which was purchased by Consumer H;

v. That the Commissioner's investigation determined that Respondent provided mortgage brokering and mortgage origination services to [REDACTED] ("Consumer I"). Consumer I paid \$1,200 to Respondent for such services, however, the Commissioner's investigation was unable to determine how these funds were utilized or if they were ever used for the services contracted for by Consumer I;

w. That the Commissioner's investigation determined that Respondent provided mortgage brokering and mortgage origination services to [REDACTED] ("Consumer J"). Consumer J paid \$2,000 to Respondent for such services, however, the Commissioner's investigation was unable to determine how these funds were utilized or if they were ever used for the services contracted for by Consumer J;

x. That the Commissioner's investigation determined that Respondent provided mortgage brokering and mortgage origination services to [REDACTED] ("Consumer K"). Consumer K paid \$1,000 to Respondent for such services, however, the Commissioner's investigation was unable to determine how these funds were utilized or if they were ever used for the services contracted for by Consumer K;

y. That the Commissioner's investigation determined that Respondent provided mortgage brokering and mortgage origination services to [REDACTED] ("Consumer L"). Consumer L paid \$1,000 to Respondent for such services, however, the Commissioner's investigation was unable to determine how these funds were utilized or if they were ever used for the services contracted for by Consumer L;

z. That the Commissioner's investigation determined that Respondent provided mortgage brokering and mortgage origination services to [REDACTED] ("Consumer M"). Consumer M paid \$1,500 to Respondent for such services, however, the Commissioner's investigation was unable to determine how these funds were utilized or if they were ever used for the services contracted for by Consumer M;

aa. That the Commissioner's investigation determined that Respondent provided mortgage brokering and mortgage origination services to [REDACTED] ("Consumer N"). Respondent generated a "Mortgage Loan Pre-approval" letter, dated August 4, 2009, from East Coast Mortgage Corporation listing himself as a Senior Loan Officer, stating that Consumer N was pre-qualified for a \$350,000 loan;

bb. That the Commissioner's investigation revealed that Respondent had produced a document titled "Customer Spreadsheet", dated July 6, 2009. Listed on the spreadsheets were the names of buyers, sellers, and lenders, as well as property addresses and dates. More specifically, the spreadsheet listed approximately eighty eight (88) buyers;

cc. That Respondent admitted that he processed loan applications, including taking loan applications, as well as doing loan modifications and short sale negotiations;

dd. That Respondent's activities discussed above appear to constitute a theft and/or fraud upon Maryland consumers and that such theft and/or fraud was conducted through a mortgage fraud scheme;

ee. That at all times relevant to the alleged conduct described herein, the Respondent has not been duly licensed under either the MMLL or the MMOL;

ff. That by advertising and contracting with Maryland residents to perform mortgage brokering and loan origination services, and by taking Maryland consumers' loan applications, Respondent acted as an unlicensed mortgage broker and mortgage originator; and

gg. That at all times relevant to the alleged conduct described herein, the Respondent has not been duly licensed under the MCSBA;

33. Respondent has engaged in mortgage brokering and origination activities without the proper licensure in violation of Title 11, Subtitle 5 and Subtitle 6 of the Financial Institutions Article. In addition, by fraudulently converting clients' money for personal gain in the perpetration of a mortgage fraud scheme, Respondent has further demonstrated that he has engaged in mortgage brokering and origination activities without the proper licensure in violation of Title 11, Subtitle 5 and Subtitle 6 of the Financial Institutions Article. In addition, by knowingly making deliberate misstatements, misrepresentations, and/or omissions during the mortgage lending process with the intent to defraud his clients, the Respondent has committed mortgage fraud in violation of Title 7, Subtitle 4 of the Real Property Article, including, but not limited to, RP § 7-402.

34. In the present matter, the Respondent is subject to the MCSBA, including its prohibition on engaging in credit services business activities without first being licensed under the MCSBA pursuant to CL § 14-1902(1), CL §14-1903(b), FI § 11-302, and FI § 11-303. However, at no time relevant to the facts set forth in this Summary Order to Cease and Desist and Order to Produce (the "Summary Order") has the Respondent been licensed by the Commissioner under the MCSBA.

35. By advertising that he could provide loan modification services and credit repair services, and by entering into agreements with Maryland residents to provide loan modification services and credit repair services, the Respondent has engaged in credit services business activities without having the requisite license. Respondents' unlicensed loan modification activities thus constitute violations of CL § 14-1902(1), CL §14-1903(b), FI § 11-302, and FI § 11-303, thereby subjecting the Respondents to the penalty provisions of the MCSBA.

36. Additionally, by collecting up-front fees prior to fully and completely performing all services on behalf of consumers, the Respondent violated CL § 14-1902(6) of the MCSBA.

37. Further, Respondent made or used false or misleading representations in his sale of services to Maryland consumers, thereby violating CL § 14-1902(4), when Respondent made representations that he would obtain beneficial loan modifications for Maryland consumers and/or provide successful credit repair services to Maryland consumers, when in fact Respondent never obtained such beneficial modifications or succeeded in repairing Maryland consumers' credit, and never returned the up-front fees.

38. Respondent further violated the MCSBA through the following: he failed to obtain the requisite surety bonds, in violation of to CL §§ 14-1908 and 14-1909; he failed to provide consumers with the requisite information statements, in violation of CL §§ 14-1904 and 14-1905; and he failed to include all of the requisite contractual terms in his agreements with Maryland consumers as required under CL § 14-1906.

39. Further, the agreement between Respondent and Maryland consumers failed to comply with the specific requirements imposed by the MCSBA (as discussed above),

pursuant to CL § 14-1907(b) all such contracts between Respondent and Maryland consumers are void and unenforceable as against the public policy of State of Maryland.

40. Additionally, by failing to either obtain beneficial loan modifications for Maryland consumers or succeeding in repairing Maryland consumers' credit, which the Respondent had agreed to provide, the Respondent breached his contracts with Maryland consumers and/or breached the obligations arising under those agreements. Pursuant to CL § 14-1907(a), such breaches constitute *per se* violations of the MCSBA.

41. The Commissioner's investigation further revealed that the Respondent engaged, directly or indirectly, in acts, practices, or other activities which operated as a fraud or deception on persons in connection with the offer or sale of the services of a credit services business, and thereby violated CL § 14-1902(5), and that such actions by the Respondents constituted willful noncompliance with the MCSBA under CL § 14-1912. Among other fraudulent, deceptive, and willful conduct, the Respondent engaged in the following: he failed to perform those loan modification and credit repair services for Maryland consumers which he promised to provide and for which he had collected up-front fees; the Respondent intentionally misrepresented the progress of the consumers' loan modifications and/or credit repair; and the Respondent has failed to provide refunds to Maryland consumers when such refunds were due to the consumers for lack of service.

WHEREFORE, having determined that immediate action is in the public interest, and pursuant to the aforementioned provisions of the Annotated Code of Maryland and associated regulations, it is, by the Maryland Commissioner of Financial Regulation, hereby

ORDERED that the Respondent shall immediately **CEASE** and **DESIST** from engaging in any of the following: any and all activities which constitute a mortgage lending

business as defined in FI § 11-501(k), including acting as a mortgage broker as defined under FI § 11-501(i) or as a mortgage lender as defined under FI § 11-501(j); acting as a mortgage originator as defined in FI § 11-601(q); or in any other way acting as a mortgage lender, broker, or originator in the State of Maryland or with Maryland residents, either by acting directly, or by acting indirectly through other individuals or business entities; and it is

ORDERED that Respondents shall immediately **CEASE** and **DESIST** from engaging in any further credit services business activities with Maryland consumers, including contracting to provide, or otherwise engaging in, loan mitigation, loan mortification, credit repair, or similar services with Maryland consumers; and it is

ORDERED that Respondent shall immediately **CEASE** and **DESIST** from violating the aforementioned statutory provisions of Maryland law, including, but not limited to the MMLL, MMOL, MMFPA, MCSBA, and Title 11, Subtitles 2 and 3 of the Financial Institutions Article; and that the Respondent should be assessed statutory monetary penalties and ordered to provide restitution for such violations; and it is further

ORDERED that the Respondent shall provide to the Office of the Commissioner each of the following within 15 days of the receipt of this Summary Order:

- **The names, addresses, and phone numbers of all Maryland residents consumers** who, at any time on or after January 1, 2007, retained or contracted with the Respondent, or contracted with another person with whom the Respondent worked or was affiliated, for the purpose (in whole or in part) of providing mortgage loan origination and/or mortgage brokering services for them or on their behalf related to Maryland residential real property.
- **Any and all documents under Respondent's control or in his possession** pertaining to mortgage loan origination and/or mortgage brokering services and activities on or after January 1, 2007, related to Maryland residential real property, or otherwise involving Maryland consumers.
- **The names, addresses, and phone numbers of third-party individuals or business entities** ("third parties") who, at any time on or after January 1, 2007,

referred or agreed to refer consumers to the Respondent for the purpose (in whole or in part) of providing mortgage loan origination and/or mortgage brokering services related to Maryland residential real property.

- **The names, addresses, and phone numbers of third-parties** to whom, at any time on or after January 1, 2007, the Respondent referred or agreed to refer consumers for the purpose (in whole or in part) of providing mortgage loan origination and/or mortgage brokering services related to Maryland residential real property.
- **Any and all documents under Respondent's control or in his possession pertaining to the third-parties** identified above, the content of which documents relates in any way to mortgage loan origination and/or mortgage brokering services to be performed on or after January 1, 2007, or to any associated referral arrangements, fees, or other forms of compensation.
- **Copies of all marketing and advertising materials** potentially reaching Maryland consumers on or after January 1, 2007, which the Respondent, or which third parties marketing directly or indirectly on Respondent's behalf, use or have used to market or advertise Respondent's mortgage loan origination and/or mortgage brokering services related to Maryland residential real property, including, but not limited to, copies of all printed marketing materials, internet advertisements, and radio and television advertisements.
- **The names, addresses, and phone numbers of all Maryland consumers**, who, at any time on or after January 1, 2007, retained or contracted with Respondent, or contracted with another person with whom Respondent worked or was affiliated, for the purpose (in whole or in part) of providing loan modification services and/or credit repair services for them or on their behalf.
- **Any and all documents under Respondent's control or in his possession** pertaining to his loan modification services and/or credit repair services, agreements, and activities on or after January 1, 2007 related to the Maryland consumers identified above.
- **The names, addresses, and phone numbers of third-party individuals or business entities** ("third parties") who, at any time on or after January 1, 2007, referred or agreed to refer consumers, potentially including Maryland consumers, to Respondent for the purpose (in whole or in part) of providing loan modification services and/or credit repair services.
- **The names, addresses, and phone numbers of third-parties** to whom, at any time on or after January 1, 2007, Respondent referred or agreed to refer, consumers, potentially including Maryland consumers, for the purpose (in whole or in part) of providing loan modification services and/or credit repair services, or to whom Respondent referred or agreed to refer consumers, potentially including Maryland consumers, for the purpose of obtaining a consumer loan in order to finance loan modification services and/or credit repair services.

- **Any and all documents under Respondent's control or in their possession pertaining to the third-parties** identified above, the content of which documents relates in any way to loan modification services and/or credit repair services to be performed on or after January 1, 2007, or to any associated referral arrangements, fees, or other forms of compensation.
- **Copies of all marketing and advertising materials** potentially reaching Maryland consumers on or after January 1, 2007, which Respondent, or which third parties marketing directly or indirectly on Respondent's behalf, use or have used to market or advertise Respondent's loan modification services and/or credit repair services, including, but not limited to, copies of all printed marketing materials, internet advertisements, and radio and television advertisements.
- **The names, addresses, and phone numbers** of all of Respondent's current and former owners, partners, members, officers, employees, associates, agents, and/or contractors who, on or after January 1, 2007, and during their period of employment or association with Respondent, agreed to provide, provided, or assisted in providing, Maryland consumers with loan modification services and/or credit repair services; furthermore

THE RESPONDENT IS HEREBY NOTIFIED that, pursuant to FI §§ 2-115, the Respondent is entitled to a hearing before the Commissioner to determine whether this Summary Order should be vacated, modified, or entered as a final order of the Commissioner; and further

THE RESPONDENT IS HEREBY NOTIFIED that, pursuant to FI §§ 2-115, this Summary Order will be entered as a final order of the Commissioner if the Respondent does not request a hearing within 15 days of the receipt of this Summary Order; and further

THE RESPONDENT IS HEREBY NOTIFIED that, pursuant to COMAR 09.01.02.08, and State Government Article ("SG") §§ 9-1607.1, 10-206.1, and 10-207, and in accordance with SG § 10-207(b)(4), the Respondent is only permitted to request a hearing, and to appear at such hearing, on behalf of himself, or through an attorney authorized to practice law in Maryland at the Respondent's own expense; and further

THE RESPONDENT IS HEREBY NOTIFIED that any and all requests for a hearing in this matter must conform to the requirements stated above, must be made in the form of a signed, written request, and must be submitted to the following address:

Jessica Wiener, Administrator
Enforcement Unit
Office of the Commissioner of Financial Regulation
500 North Calvert Street, Suite 402
Baltimore, Maryland 21202;

and further

THE RESPONDENT IS HEREBY NOTIFIED that, pursuant to FI §§ 2-115(b) 11-517(c), and 11-615(c), as a result of a hearing, or of the Respondent's failure to correctly request a hearing in the manner described above, the Commissioner may, in the Commissioner's discretion, and in addition to taking any other action authorized by law, take the following actions: enter an Order making this Summary Order final; issue an order requiring that the Respondent refund all interest, costs, originator fees, broker fees, and/or other charges paid by Maryland consumers to the Respondent in conjunction with residential mortgage loans that were originated, brokered, or closed during periods when the Respondent did not hold the appropriate license under the MMLL and/or the MMOL; issue a penalty order against Respondent imposing a civil penalty up to \$5,000 for each violation of the MMLL and/or the MMOL; issue a penalty order against Respondent imposing a civil penalty up to \$1,000 for each violation of the MCSBA; issue a penalty order against Respondent imposing a civil penalty up to \$1,000 for each violation of the FI §§ 2-114; issue a penalty order against the Respondent imposing a civil penalty up to \$5,000 for each subsequent violation of these laws; or may take any combination of the aforementioned actions against the Respondent. Additionally, pursuant to RP § 7-404, as a result of the

Respondent's failure to comply with requirements imposed under the MMFPA, the Commissioner may seek an injunction against the Respondent in Maryland Circuit Court, and may recover from the Respondent the costs of bringing such an action. The Commissioner may also enter a final order declaring, pursuant to CL §§ 14-1902 and 14-1907, that all loan modification services and/or credit repair services agreements made by Respondent with Maryland consumers are void and unenforceable, and that Respondent must refund to Maryland consumers all money and other valuable consideration that consumers paid to Respondent, and if applicable to his partners, employees, and/or agents, that is in any way related to these agreements. In addition, pursuant to CL § 14-1912, as a result of Respondent's failure to comply with requirements imposed under the MCSBA, the Commissioner may also enter an order requiring Respondent to pay consumers a monetary award equal to any actual damages sustained by the consumers as a result of that failure, and, in instances of willful noncompliance under the MCSBA, an additional monetary award equal to 3 times the total amount collected from the consumers.

**MARYLAND COMMISSIONER OF
FINANCIAL REGULATION**

7/8/10
Date


By: Mark Kaufman
Deputy Commissioner